

**Uintah River Charter High School
Fort Duchesne, Utah**

Financial and Compliance Report

For The Fiscal Year Ended June 30, 2005

**JOSEPH EVE
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**UINTAH RIVER CHARTER HIGH SCHOOL
Fort Duchesne, Utah**

Table of Contents

	<u>Page</u>
Independent Auditors' Report	3
 <u>Audited Financial Statements</u>	
Statement of Net Assets.....	5
Statement of Revenues, Expenditures and Changes in Net Assets.....	6
Statement of Fiduciary Net Assets - Extracurricular Fund.....	7
Statement of Changes in Fiduciary Net Assets - Extracurricular Fund.....	8
Notes to the Financial Statements.....	9
 <u>Supplemental Information</u>	
Budgetary Comparison Schedule - General Fund.....	12
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	13
State Compliance Report.....	15
Reportable Conditions.....	15
Summary Schedule of Prior Year Audit Findings.....	18

INDEPENDENT AUDITORS' REPORT

**The Members of the Education School Board
Uintah River Charter High School
Fort Duchesne, Utah**

We have audited the accompanying financial statements of Uintah River Charter High School, (the School), a High School Education Department of the Ute Indian Tribe, as of and for the year ended June 30, 2005, as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the financial statements present only the High School Education Department of the Ute Indian Tribe and do not purport to, and do not, present fairly the financial position of the Ute Indian Tribe, as of June 30, 2005 and changes to its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Uintah River Charter High School as of June 30, 2005, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The budgetary comparison information on page 12, is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Uintah River Charter High School
Independent Auditors' Report
Page 2

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2005, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

JOSEPH EVE
Certified Public Accountants

Great Falls, Montana
October 20, 2005

UINTAH RIVER CHARTER HIGH SCHOOL
Fort Duchesne, Utah

Statement of Net Assets

June 30, 2005

	<u>General</u>
Assets	
Cash	\$ 605,659
Total assets	<u>605,659</u>
Liabilities	
Liabilities	
Accounts payable	<u>16,412</u>
Total liabilities	<u>16,412</u>
Net Assets	
Net assets	<u>589,247</u>
Total net assets	<u>\$ 589,247</u>

See accompanying Independent Auditors' Report and Notes to the Financial Statements.

**UINTAH RIVER CHARTER HIGH SCHOOL
Fort Duchesne, Utah**

Statement of Revenues, Expenditures and Changes in Net Assets

For the Fiscal Year Ended June 30, 2005

	<u>General</u>
Revenues	
State revenue	\$ 270,251
Federal revenue	461,374
Local revenue- other	<u>75,617</u>
Total revenues	<u>807,242</u>
Expenditures	
Current	
General government:	
Wages and benefits	243,131
Professional and technical services	47,247
Property services	10,165
Other services	18,113
Supplies and materials	34,375
Equipment	2,665
Dues, fees, judgments	<u>2,575</u>
Total expenditures	<u>358,271</u>
Excess of revenue over expenditures	448,971
Net assets at beginning of year	<u>140,276</u>
Net assets at end of year	<u>\$ 589,247</u>

See accompanying Independent Auditors' Report and Notes to the Financial Statements.

**UINTAH RIVER CHARTER HIGH SCHOOL
Fort Duchesne, Utah**

Statement of Fiduciary Net Assets - Extracurricular Fund

June 30, 2005

	<u>Fiduciary</u>
Assets	
Current assets	
Cash and cash equivalents	\$ <u>3,766</u>
Total assets	<u>3,766</u>
 Net assets	
Held in trust for distributions	<u>3,766</u>
Total net assets	<u>\$ 3,766</u>

See accompanying Independent Auditors' Report and Notes to the Financial Statements.

**UINTAH RIVER CHARTER HIGH SCHOOL
Fort Duchesne, Utah**

Statement of Changes in Fiduciary Net Assets - Extracurricular Fund

For the Fiscal Year Ended June 30, 2005

	<u>Fiduciary</u>
Additions	
Fund raising and vending	\$ 12,351
Donations	<u>3,500</u>
Total additions	<u>15,851</u>
Deductions	
Vending purchases	1,187
Athletic supplies	18
Athletics	854
Student Activities	9,524
Supplies	<u>1,549</u>
Total deductions	<u>13,132</u>
Change in net assets held in trust	2,719
Net assets - beginning	<u>1,047</u>
Net assets - ending	<u><u>\$ 3,766</u></u>

See accompanying Independent Auditors' Report and Notes to the Financial Statements.

UINTAH RIVER CHARTER HIGH SCHOOL
Fort Duchesne, Utah

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2005

Note 1 - Summary of Significant Accounting Policies

The significant accounting policies followed by Uintah River Charter High School are presented below:

A. Reporting Entity

The Uintah River Charter High School (the "School") is incorporated under the laws of the State of Utah as provided by both constitution and statute. The Uintah River Charter High School Board of Education (the "Board"), a five member group constituting an on-going entity, is the level of government which has governance responsibilities over all activities related to school education within the jurisdiction of the Uintah River Charter High School. The Board receives funding from local, state and federal government sources and must comply with the contractual requirements of these funding source entities.

The Uintah River Charter High School's first year-end was June 30, 2000. The organization existed one prior year as an alternative school under the administration of the Uintah School District.

The financial statements presented reflect the transactions only attributable to the Uintah River Charter High School, a High School Education department of the Ute Indian Tribe's general fund and are not intended to present the financial position of the Tribe.

For financial reporting purposes, the School has considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and the (1) ability of the School to impose its will on the organization or (2) the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the school.

B. Basis of Presentation
Fund Accounting

The accounts of the School are organized on the basis of a department within the general fund of the Ute Indian Tribe. The operations of each department comprise a set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate.

General Fund - The general fund is the School's primary operating fund. It accounts for all governmental financial resources except those required to be accounted for in another fund.

Fiduciary Funds

Extracurricular Fund - This fund is used to account for various student activities, such as athletics, clubs, classes, student government organizations, student publications and other such activities.

UINTAH RIVER CHARTER HIGH SCHOOL
Fort Duchesne, Utah

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2005

Note 1 - Summary of Significant Accounting Policies - Continued

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. Operating statements of these funds present increases (i.e., revenue and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenue is recognized when susceptible to accrual (i.e., when it becomes both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

D. Property Tax Revenue

Students participating in the School that live outside the Ute Indian Reservation are funded, in part, by the basic taxes levied in their applicable counties. These funds, an amount determined using a Utah State Education Department calculation, are collected by the Counties and then forwarded to the Charter School.

E. Inventories

Supplies and materials are debited as expenditures when purchased. Currently, there are no material inventories.

F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Note 2 - Cash and Cash Equivalents

The School accounting system is directly linked with the Ute Indian Tribe's accounting system. The Tribe uses a small number of cash depository accounts for all of its funds, departments, etc. The School is tracked as a department of the Ute Indian Tribe. The School's cash balance, for the most part, is simply an allocation (Due from Ute Tribe) of the Tribe's overall cash balance based on the School's individual receipts and disbursements.

**UINTAH RIVER CHARTER HIGH SCHOOL
Fort Duchesne, Utah**

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2005

Note 3 - Property, Plant and Equipment

The School's capitalizable fixed assets are purchased with Ute Indian Tribe resources and as such are considered Tribal owned property. Whereas the School is only a department within the Ute Indian Tribe's fund structure, the Ute Indian Tribe's financial statements will report the changes in capital assets in their financial statement presentation. Generally, significant equipment purchases reflected as expense in the financial statements are funded from contributions of the Ute Indian Tribe which have been presented as Ute Indian Tribe contribution revenues.

Property, plant and equipment used in governmental operations are accounted for in the respective governmental funds. Currently the School has no property, plant and equipment and as such no depreciation has been recorded.

Note 4 - Related Party Transactions

The Uintah River Charter High School operates in a facility shared with other departments of the Ute Indian Tribe, which sponsors the school. Because the facility is shared in many ways between various tribal departments, the Ute Indian Tribe and the School do not allocate expenses for building operations and maintenance. The Uintah River Charter High School financial statements do not reflect their proportion of building maintenance, etc. Also, a variety of computer equipment is paid for through the Ute Indian Tribe's information system department. These services, supplies, and equipment are donated to the School by the Ute Indian Tribe. If these expenses were allocated, then a corresponding revenue would also be posted by the School to reflect the Ute Indian Tribe's donation. Thus, the effect on the School's profit or loss would be zero. The amount of these services is significant but has not been estimated.

UINTAH RIVER CHARTER HIGH SCHOOL
Fort Duchesne, Utah

Budgetary Comparison Schedule - General Fund

For the Fiscal Year Ended June 30, 2005

	General Fund		
	Original and Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues			
State revenue	\$ 266,954	\$ 270,251	\$ 3,297
Federal revenue	462,025	461,374	(651)
Local revenue- other	<u>112,363</u>	<u>75,617</u>	<u>(36,746)</u>
Total revenues	<u>841,342</u>	<u>807,242</u>	<u>(34,100)</u>
Expenditures			
Current			
General government			
Wages and benefits	281,520	243,131	38,389
Professional and technical services	31,797	47,247	(15,450)
Property services	152,681	10,165	142,516
Other services	35,586	18,113	17,473
Supplies and materials	39,976	34,375	5,601
Equipment	48,800	2,665	46,135
Dues, fees and judgments	<u>2,575</u>	<u>2,575</u>	<u>0</u>
Total expenditures	<u>592,935</u>	<u>358,271</u>	<u>234,664</u>
Excess of revenue over expenditures	248,407	448,971	200,564
Fund balance at beginning of year	<u>140,276</u>	<u>140,276</u>	<u>0</u>
Fund balance at end of year	<u>\$ 388,683</u>	<u>\$ 589,247</u>	<u>\$ 200,564</u>

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

**The Members of the Education School Board
Uintah River Charter High School
Fort Duchesne, Utah**

We have audited the financial statements of Uintah River Charter High School (the School) as of and for the year ended June 30, 2005, and have issued our report thereon dated October 20, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the School's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of reportable conditions as items 05-1 through 05-3.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

**Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance
With Government Auditing Standards**

Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the members of the School's management, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

JOSEPH EVE

Certified Public Accountants

Great Falls, Montana
October 20, 2005

State Compliance Report

**The Members of the Education School Board
Uintah River Charter High School
Fort Duchesne, Utah**

We have audited the financial statements of Uintah River Charter High School (the School) as of and for the year ended June 30, 2005, and have issued our report thereon dated October 20, 2005. Our audit included testwork on the School's compliance requirements applicable to its state assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended June 30, 2005. The School received the following state assistance programs from the State of Utah:

- Minimum School Program
- Driver Education

The management of the Uintah River Charter High School is responsible for the School's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

We noted one immaterial instance of non-compliance with regards to the State requirements. Please refer to finding 05-3.

In our opinion, the Uintah River Charter High School, Fort Duchesne, Utah, complied, in all material respects, with the major state assistance requirements for the year ended June 30, 2005.

JOSEPH EVE
Certified Public Accountants

**Great Falls, Montana
October 20, 2005**

UINTAH RIVER CHARTER HIGH SCHOOL

Schedule of Reportable Conditions

June 30, 2005

05-1 Payroll

Condition: We tested twenty-five payroll checks and seventeen employee files. We found one employee who did not have a personnel action form on file, one employee who did not have a W-4 on file, six employees who did not have an I-9 on file and eleven employees with I-9's filled out improperly.

Effect: Uintah River High School could possibly be overpaying their employees or withholding the improper amount of taxes. The high school could also be subject to a fine of \$1,000 for each I-9 that is not properly filled out.

Cause: The personnel department has not been informed of how to properly complete the I-9 forms. Other employee forms are also not be obtained or retained in employee files.

Criteria or Specific Requirement: The Immigration Reform and Control Act requires employers to maintain I-9's for all employees hired after November 6, 1986. Employers are also required to maintain W-4's for all employees.

Auditors' Recommendations: We recommend the personnel department is adequately trained in filling out I-9's and implement a policy to obtain properly filled out I-9's from all applicable employees. Proper employee paperwork should also be obtained and retained in employee files.

05-2 Expenditures

Condition: We tested twenty-five expenditures. We found one expenditure with questionable supporting documentation and one expenditure with no supporting documentation.

Effect: Uintah River High School could be overpaying its vendors.

Cause: The lack of sufficient controls to ensure all disbursements are properly supported to substantiate the expenditure.

Criteria or Specific Requirement: Proper internal controls include having supporting documentation for all disbursements to substantiate the expenditure.

Auditors' Recommendations: We recommend the high school implement policies requiring proper supporting documentation before expenditures are paid.

UINTAH RIVER CHARTER HIGH SCHOOL

Schedule of Reportable Conditions

June 30, 2005

05-3 Report Filing

Condition: Uintah River High School filed the required Annual Statistical Report on September 9, 2005, which is past its September 1st due date.

Effect: The high school is not in compliance with the Utah State Office of Education and could end up having to repay a portion of their funds.

Cause: The report was late in being compiled by an independent source.

Criteria or Specific Requirement: Utah State Office of Education under Utah Code Title 53A requires the Student Membership Summary (Part 1) of the Annual Statistical Report (Form S-3) be submitted by September 1st of each year.

Auditors' Recommendations: We recommend the high school sets guidelines to ensure all reporting is completed within the required time frame(s).

**UINTAH RIVER CHARTER HIGH SCHOOL
Fort Duchesne, Utah**

Summary Schedule of Prior Year Audit Findings

June 30, 2005

Below summarizes the School's June 30, 2004 audit findings and the follow-up actions taken.

- 04-1 Payroll - Unauthorized Time Cards Implemented
- 04-2 Payroll - I-9's Not implemented (See 05-1)
- 04-3 Expenditures Not implemented (See 05-2)
- 04-4 Report Filing Not implemented (See 05-3)



UTE INDIAN TRIBE

P.O. Box 190

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Uintah River Charter High School

Responses to Schedule of Reportable Conditions

April 12, 2006

Condition 05-1 Payroll

We will make sure that our employee files are properly documented. Because of budget reviews in this office, we are confident that no employee is being overpaid. However, we will double check this contingency. While we did not maintain copies of all W-2's and I-9's, the Ute Tribal payroll office does. We will get copies of all of this information for our employees.

Condition 05-2 Expenditures

The Ute Tribal purchasing policy requires documentation for all expenditures. We will take steps within the education department to assure that all necessary documentation is provided, and that we are in strict compliance with the Tribal purchasing and expenditure policy.

Condition 05-3 Report Filing

We will plan ahead and make sure that our reports are completed timely, and that we work closely with outside providers to make sure that their compilations are also completed timely.

Sincerely,

William Phillips
Financial Manager